

A Report on the Health Reform Fund
&
Diagnostic and Medical Equipment Fund
Saskatchewan Health

December 2004

INTRODUCTION

In the February 2003 First Ministers' Accord on Health Care Renewal, First Ministers agreed that additional investments in key health reform initiatives and in enhancing the availability of publicly funded diagnostic care and treatment services were critical to ensuring the quality, accessibility and sustainability of the health care system. To accomplish this, First Ministers established the Health Reform Fund and the Diagnostic and Medical Equipment Fund. First Ministers also agreed to prepare public reports to their citizens on the two funds commencing in 2004. This document is the first report to Saskatchewan residents on the Health Reform Fund and the Diagnostic and Medical Equipment Fund.

In 2003/04 Saskatchewan invested its Health Reform Fund allocation, \$32 million, in maintaining and improving catastrophic drug coverage and primary health care services for our citizens. A further \$16 million allocated under the Diagnostic and Medical Equipment Fund was expended by Saskatchewan regional health authorities, the Saskatchewan Cancer Agency and Provincial Laboratory for capital equipment necessary to improve access to publicly funded diagnostic and treatment services in Saskatchewan.

On September 16, 2004 First Ministers signed a 10-year health renewal and funding agreement that includes additional reporting commitments that will be incorporated in future public reports. Saskatchewan has publicly announced its plans to invest the additional \$66 million in funding for 2004-05 to reduce surgical backlogs, expand diagnostic capacity, retain health care providers, make needed capital and infrastructure upgrades, and buy change through quality improvement and efficiency reviews.

HEALTH REFORM FUND

The Health Reform Fund is intended to support additional investments in primary health care, home care and catastrophic drug coverage. This five-year fund was created to assist provinces and territories to address these priorities. In 2003/04 Saskatchewan's allocation under the Health Reform Fund was \$32 million. This Fund grows to \$47 million in 2004/05; \$108 million in 2005/06; \$137 million in 2006/07; and, \$166 million in 2007/08.

Since provinces and territories are at different stages of development in these three program areas, the Fund was designed to provide flexibility in order to enable provinces and territories to achieve the following broad objectives:

- ⇒ to immediately accelerate primary health care initiatives and to make significant annual progress so that citizens routinely receive needed care from multi-disciplinary primary health care organizations or teams with the goal of

ensuring that at least 50% of residents have access to an appropriate health care provider, 24 hours a day, 7 days a week, as soon as possible and that this target be fully met within 8 years;

- ⇒ to provide coverage for a common basket of home care services for short-term acute home care, including acute community mental health, and end-of-life care; and
- ⇒ to ensure that Canadians, wherever they live, have reasonable access to catastrophic drug coverage.

Within these broad objectives the Fund provides the necessary flexibility to invest in a province's particular identified priority.

In 2003/04 \$30.5 million of the \$32 million allocation to Saskatchewan under the Health Reform Fund was expended on catastrophic drug coverage through the Saskatchewan Prescription Drug Plan. Significant investment was required to ensure the integrity of one of Canada's most comprehensive catastrophic drug programs. Table 1 details the 2003/04 Health Reform Fund expenditures and those planned for 2004/05.

TABLE 1
2003/04 and 2004/05 Health Reform Fund Expenditures
Saskatchewan

Program	2003/04 Expenditure	2004/05 Planned Allocation
Drug Plan	\$30M	\$40.3M
Primary Health	\$1.5M	\$4.4M
Diabetic supplies/Therapeutic nutritional products	\$0.5M	\$2M
Total	\$32M	\$46.7M

Source: Finance and Administration Branch, Saskatchewan Health

CATASTROPHIC DRUG COVERAGE IN SASKATCHEWAN

In a recent study Coombes et al reported that Saskatchewan, Manitoba and Ontario provide the greatest protection against catastrophic drug costs (Longwoods Review, Vol. 2 No. 3, 2004). However, to maintain this protection requires significant investment.

The Saskatchewan Drug Plan provides assistance to about 113,000 families with low incomes, high prescription drug costs or a combination of both. The cost of meeting the annual growth in pharmaceutical costs and adding new therapies to the drug plan is a major challenge. In 1999/2000 the Province spent \$85 million on catastrophic drug coverage. In 2003/04 the Province invested \$151 million in the Saskatchewan Drug Plan, a 77% increase over the 1999/2000 expenditure and \$17 million (13%) more than the \$134 million spent in 2002/03. With the \$30 million Health Reform Fund investment in 2003/04 the province was able to cover the growth in the Drug Plan budget without reducing the level of prescription drug coverage available in Saskatchewan.

An additional \$0.5 million was invested in diabetic supplies and therapeutic nutritional products. Diabetic supplies include needles, syringes, lancets and alcohol swabs. These products were added to the Drug Plan on July 1st, 2003. Approximately 15,000 residents who have diabetes receive benefits from the Saskatchewan Drug Plan. The intent of increased support for these supplies was to improve benefits for these residents and to increase the number of diabetics that would be eligible for assistance as a result of the drug plan expansion.

The therapeutic nutritional products program provides assistance toward the cost of specialized nutritional products (which are typically tube-fed) for people with complex medical conditions who rely on those products as their primary source of nutrition. The program assists with the incremental cost associated with using these specialized formulas in place of a regular diet.

PRIMARY HEALTH CARE

Saskatchewan is embracing a planned approach to primary health care development that will result in a co-ordinated and comprehensive service delivery system for the entire province. Continued development of networks of primary health care teams, based on a plan to provide 24/7 services in all Regional Health Authorities, will ensure a quality and accessible system for the province.

Health Reform Fund investment in primary health care in 2003/04 (\$1.5 million) was spent on salary and related expenditures for team facilitators to lead the development of primary health care teams in each regional health authority, the establishment of the Central Butte primary health care team, and research. Health Reform Fund investment will be ramped up to \$4.4 million in 2004/05 and is expected to reach much higher levels in the final three years of the Health Reform Fund.

Significant investment has also been made through the Primary Health Care Transition Fund to support transitional costs of implementing primary health care initiatives. Saskatchewan's share of this per capita funding is \$18.6 million over 4 years (2002/03 to 2005/06). \$10.9 million of this was spent in 2002-03 and 2003-04 to support HealthLine development, workshop, curriculum and standards development and the

establishment of Primary Health Care managers and teams in each regional Health Authority.

HOME CARE

The February 2003 Accord contained a commitment to improve access to home care services. Originally, the Accord directed Ministers of Health to determine by September 30, 2003, the minimum basket of services to be provided by all provincial and territorial home care programs. To that end, an F/P/T Basket of Services Working Group, comprised of government officials from across the country, was formed to develop options for a common range or 'basket' of services in each of the three streams (acute, end-of-life, mental health). Saskatchewan cooperated with other jurisdictions in this regard, however, parties were unable to reach a consensus on the contents of the minimum basket of services to be provided across the nation. Given this, and the fact that Saskatchewan already boasts a relatively comprehensive home care program, Saskatchewan Health decided to focus initially on other Health Reform Fund priorities. Specifically, catastrophic drug coverage and primary health care were prioritized in Health Reform Fund spending to more effectively meet the health needs of the residents of Saskatchewan.

In the 2004 First Ministers' 10-year Plan to Strengthen Health Care, First Ministers agreed to provide first-dollar coverage by 2006 for certain home care services, based on assessed need, specifically to include:

- ⇒ short-term acute home care for two-week provision of case management, intravenous medications related to the discharge diagnosis, nursing and personal care;
- ⇒ short-term acute community mental health home care for two-week provision of case management and crisis response services; and
- ⇒ end-of-life care for case management, nursing, palliative-specific pharmaceuticals and personal care at the end of life.

Saskatchewan is fully committed to improving home care services in accordance with the *10-Year Plan to Strengthen Health Care*.

MEDICAL AND DIAGNOSTIC EQUIPMENT FUND

The 2003 Accord made a commitment to enhance the availability of publicly funded medical and diagnostic services through the establishment of the Medical and Diagnostic Equipment Fund. The criteria for the Fund allows for the purchase of new or replacement equipment in the following categories:

- ⇒ diagnostic imaging equipment;
- ⇒ other diagnostic and therapeutic equipment;
- ⇒ medical and surgical equipment;
- ⇒ equipment to improve patient safety and comfort; and,
- ⇒ laboratory equipment.

Saskatchewan's allocation under this fund is \$47.7 million over three years. Expenditure in 2003/04 was \$16 million and is estimated to be \$16 million in 2004/05 and \$15.7 million in 2005/06.

Saskatchewan Health solicited submissions from all regional health authorities and the Saskatchewan Cancer Agency to assess capital equipment pressures and to determine the optimum allocation of funding. In 2003/04 Saskatchewan Health allocated \$3 million to regional health authorities for the purchase of capital equipment in addition to the \$16 million provided under the Diagnostic and Medical Equipment Fund. Some Regional Health Authorities also purchased medical and diagnostic equipment out of own-source revenues. Regional health authorities, the Saskatchewan Cancer Agency and the Provincial Laboratory spent \$19.295 million in 2003/04 on equipment that met the criteria of the Diagnostic and Medical Equipment Fund. Tables 2 and 3 describe the 2003/04 Diagnostic and Medical Equipment Fund spending in Saskatchewan.

TABLE 2
Capital Equipment meeting Diagnostic and
Medical Equipment Fund Criteria
Spending by Agency
2003/04

Agency	Capital Expenditure (Thousands)
Athabasca Health Authority Inc.	\$ 165
Cypress Regional Health Authority	\$ 454
Five Hills Regional Health Authority	\$ 1,651
Heartland Regional Health Authority	\$ 330
Keewatin Yatthe Regional Health Authority	\$ 103
Kelsey Trail Regional Health Authority	\$ 280
Mamawetan Churchill River Regional Health Authority	\$ 60
Prairie North Regional Health Authority	\$ 860
Prince Albert Parkland Regional Health Authority	\$ 828
Regina Qu'Appelle Regional Health Authority	\$ 5,376
Saskatoon Regional Health Authority	\$ 6,012
Sun Country Regional Health Authority	\$587
Sunrise Regional Health Authority	\$ 1,844
Saskatchewan Cancer Agency	\$ 526
Provincial Laboratory	\$ 218
Total	\$19,295

Source: Saskatchewan Public Accounts

TABLE 3
Diagnostic and Medical Equipment Fund
Spending by Category of Equipment
2003/04

Category*	Capital Expenditure (Thousands)
Diagnostic Imaging and Therapeutic Equipment	\$6,710
Other Diagnostic and Therapeutic Equipment	\$1,129
Medical/Surgical Equipment	\$8,702
Equipment to improve patient safety and comfort - beds	\$1,903
Laboratory Equipment	\$ 850
Total	\$19,295

Source: Finance and Administration Branch, Saskatchewan Health

**Funding was allocated based on the following criteria established by Health Canada:*

- ⇒ *Diagnostic imaging equipment* – e.g. MRIs, CT scanners, nuclear medicine equipment, mammography, ultrasound, x-ray/fluoroscope
- ⇒ *Other diagnostic and therapeutic equipment* – e.g. linear accelerators, bone densitometry, echocardiography, major laboratory equipment, Picture Archiving Communication Systems (PACS)
- ⇒ *Medical/surgical equipment:*
 - Surgical*, e.g. lithotripters, laparoscope, surgical laser, anaesthetic gas machines, sterilizers
 - Life Support*, e.g. dialysis, defibrillators, external pacemakers, ventilators
 - Vital signs*, e.g. blood pressure & oxygen meter, pumps, monitors
 - Patient comfort/safety equipment* – e.g. patient/bed lifts, mobility equipment, patient bathing equipment.

A 10-YEAR PLAN TO STRENGTHEN HEALTH CARE

First Ministers signed a 10-year health renewal and funding agreement on September 16, 2004. The agreement includes new program delivery and accountability commitments in several areas, including waiting times, health human resources, and home care. The federal government will increase funding to the provinces and territories by \$41 billion over 10 years through the Canada Health Transfer and targeted, short-term transfers.

TABLE 4
Increased Federal Funding - 2004 FMM Health Agreement*

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	6-yr total
Total	2.125B	3.125B	\$3.440B	3.298B	\$3.029B	3.037B	\$18.055B
SK share	\$66M	\$97M	\$107M	\$102M	\$94M	\$94M	\$560M

* Transfers to Saskatchewan are calculated on a 3.1% share. Final amounts will be determined by census results.

Saskatchewan recently announced that the entire \$66 million increase in federal funding for 2004-05 is going directly to increasing access to care and improving quality of care for patients. These funds will be used to reduce surgical backlogs, expand diagnostic capacity, retain health care providers, make needed capital and infrastructure upgrades, and buy change through quality improvement and efficiency reviews. Table 5 summarizes the recently announced \$66 million package.

TABLE 5
\$66 Million Investment to Improve Access to Quality Health Care

Improvements	Allocation
Reduce Surgical Backlogs and Expand Diagnostic Capacity Shorten Surgical Waits Improve Diagnostic Services	\$30 million
Retain Health Care Providers by providing safer workplaces, and continuing education and training	\$11 million
Capital Equipment and Infrastructure Equipment supporting patient care Infrastructure replacement and upgrades	\$14 million
Quality Improvements Efficiency reviews Information technology to support service delivery	\$11 million
Total	\$66 million

Public reporting requirements include publication of comparable indicators of access to health professionals and services; annual reports on progress in meeting wait time targets; and reporting on wait times by the Canadian Institute for Health Information.

SASKATCHEWAN'S COMMITMENT TO ACCOUNTABILITY AND PERFORMANCE REPORTING

Given the rising costs of health care, there is increasing need to demonstrate the effectiveness of, and results achieved by, our publicly funded health care system. Saskatchewan is committed to improved reporting on health system performance for purposes of public accountability. Many mechanisms in addition to this report are already in place to ensure that the public is informed about health system performance, including:

Saskatchewan Health's Annual Report:

http://www.health.gov.sk.ca/mc_dp_skhltlth_2003-04_ar.pdf

Performance plan and reports:

http://www.health.gov.sk.ca/mc_gi_performance_plan.html

Saskatchewan Comparable Health Indicator Reports:

http://www.health.gov.sk.ca/mc_comparable_hlth_indicators_04.html

Financial Reporting – Budget and Public Accounts:

<http://www.gov.sk.ca/finance/publicationsall.htm>